

[Unapproved and Subject to Change]
CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
MINUTES OF MEETING, Public Session

July 12, 2006

Call to order: Chairman Liane Randolph called the monthly meeting of the Fair Political Practices Commission (Commission) to order at 9:58 a.m., at 428 J Street, Eighth Floor, Sacramento, California. In addition to Chairman Randolph, Commissioners Sheridan Downey, Phil Blair, Gene Huguenin, and Ray Remy were present.

Item #1. Public Comment.

There was none.

Consent Items #2-10.

Commissioner Downey asked about Item 10(b), In the Matter of California Hospitals Affiliated Insurance Services, LLC, FPPC No. 06-416, regarding the date that the violation occurred and the date that the stipulation was signed. The violation occurred on June 5, 2006, and the stipulation was signed on June 19, 2006. Commissioner Downey wondered how the stipulation was signed within two weeks of the violation.

Chairman Randolph asked if the respondent had identified the mistake themselves and approached the Commission.

John Appelbaum, Chief of Enforcement, replied that he would have to consult the staff who handled the case in order to determine the reason.

Commissioner Downey explained that the question was out of curiosity and would not require any further investigation.

Chairman Randolph asked for any public comment on the consent calendar items.

There was none.

Commissioner Remy moved to approve the following items in unison:

Item #2. Approval of the June 8, 2006, Commission meeting minutes.

Item #3. In the Matter of William E. Simon, Jr., Bill Simon for Governor, and William R. Turner, FPPC No. 04-489 (45 counts).

Item #4. In the Matter of Arnold Schwarzenegger, Governor Schwarzenegger's California Recovery Team, and Thomas Hiltachk, FPPC No. 06-183 (143 counts).

Item #5. In the Matter of American Agents Alliance Political Action Committee, FPPC No. 05-390 (5 counts).

Item #6. In the Matter of David Olivas and Committee to Elect David Olivas, FPPC No. 03-151 (5 counts).

Item #7. In the Matter of George Runner, George Runner for Senate - 2004, and Rita Burleson, FPPC No. 05-776 (3 counts).

Item #8. In the Matter of Marc Nathanson, FPPC No. 06-164 (1 count).

Item #9. Failure to Timely File Major Donor Campaign Statements.

a. In the Matter of Cartwright Termite & Pest Control, Inc., FPPC No. 06-020. (1 count)

b. In the Matter of The Mills Corporation, FPPC No. 06-149. (2 counts)

c. In the Matter of EBF & Associates, L.P., FPPC No. 06-170. (1 count)

d. In the Matter of Guitar Center, Inc., FPPC No. 06-171. (1 count)

e. In the Matter of Geoffrey Hayton, FPPC No. 06-172. (1 count)

f. In the Matter of Sacramento A-1 Door, Inc., FPPC No. 06-177. (2 counts)

g. In the Matter of USCB, FPPC No. 06-178. (1 count)

h. In the Matter of Robert Eichenberg, FPPC No. 06-273. (1 count)

i. In the Matter of Bari Management, Inc., FPPC No. 06-284. (1 count)

j. In the Matter of Dolan Foster Enterprises, LLC, FPPC No. 06-287. (1 count)

k. In the Matter of Growth Capital Associates, Inc., FPPC No. 06-293. (1 count)

l. In the Matter of John A. Harris IV, FPPC No. 06-294. (1 count)

m. In the Matter of Harvest Management LLC, FPPC No. 06-295. (1 count)

n. In the Matter of Hofer Ranch, FPPC No. 06-296. (2 counts)

o. In the Matter of Hof's Hut Restaurants, Inc., FPPC No. 06-297. (1 count)

p. In the Matter of Hueter & Associates, Inc., FPPC No. 06-298. (1 count)

- q. In the Matter of Henry R. Kravis, FPPC No. 06-301. (1 count)**
- r. In the Matter of Nancy Pelosi for Congress, FPPC No. 06-304. (1 count)**
- s. In the Matter of Republic Document MGMT, Inc., FPPC No. 06-306. (1 count)**
- t. In the Matter of RLMK, Inc., d.b.a. McDonald's, FPPC No. 06-307. (1 count)**
- u. In the Matter of Henry Segerstrom, FPPC No. 06-308. (1 count)**
- v. In the Matter of Thomas Curtis M.D., Inc., FPPC No. 06-311. (1 count)**
- w. In the Matter of Vaquero Energy Inc., FPPC No. 06-314. (1 count)**
- x. In the Matter of Weseloh Chevrolet Co., Inc., FPPC No. 06-315. (1 count)**
- y. In the Matter of South Coast Emergency Medical Group, Inc., FPPC No. 06-335. (2 counts)**
- z. In the Matter of SAMS Venture, LLC, FPPC No. 06-336. (1 count)**
- aa. In the Matter of John P. Marcus, FPPC No. 06-337. (1 count)**
- bb. In the Matter of Phillip M. Ramos, Jr., FPPC No. 06-338. (1 count)**
- cc. In the Matter of Susan Harding, FPPC No. 06-346. (1 count)**
- dd. In the Matter of SAFE Credit Union, FPPC No. 06-348. (6 counts)**
- ee. In the Matter of Sanford R. Robertson/Jeanne P. Robertson, FPPC No. 06-355. (1 count)**
- ff. In the Matter of Wes Keusder & Affiliated Entities, FPPC No. 06-356. (3 counts)**
- gg. In the Matter of Jacquelynne M. Jennings, FPPC No. 06-357. (1 count)**
- hh. In the Matter of Weseloh & Sons Chevrolet-Hummer-Honda, FPPC No. 06-358. (1 count)**

Item #10. Failure to Timely File Late Contribution Reports – Proactive Program.

- a. In the Matter of Cartwright Termite & Pest Control, Inc., FPPC No. 05-851. (2 counts)**

b. In the Matter of California Hospitals Affiliated Insurance Services, LLC, FPPC No. 06-416. (2 counts)

Commissioner Downey seconded the motion. Commissioners Blair, Huguenin, Remy, and Chairman Randolph supported the motion, which carried a 4-0 vote.

ACTION ITEMS

Item #11. Adoption of Proposed Amendments to Regulation 18944: Family Gift Regulations.

Emelyn Rodriguez, Commission Counsel, presented for adoption proposed amendments to regulation 18944. This item was presented for prenotice discussion at the February Commission meeting of this year, along with proposed changes to regulation 18942. At the time there was public comment requesting that Commission add further clarifying amendments. Because the proposed amendments would be more extensive, it was made into a separate project. The Commission directed staff to clarify existing regulatory language and further incorporate the Commission's decision in the *Cory* opinion. In May, an Interested Person's meeting (IP meeting) was held to discuss the proposed amendments to the regulation and public comment was received. Staff has amended the regulation consistent with the Commission's direction and with public comments. The regulation has been noticed with the Office of Administrative Law (OAL) and some minor clarifying revisions to the regulation have been made. Suggestions from Scott Hallabrin, of the Assembly Ethics Committee, that were received by the Commission the day prior which have also been incorporated and are highlighted in the revised version on lines 9 and 11 on page 1, and on lines 11 and 12 on page 2. Staff asks that the Commission adopt this regulation with some of the minor clarifying changes.

Ms. Rodriguez explained that the proposed amendments are intended to provide clearer guidelines for determining whether a gift to an official's family member should be treated as a gift to the official. The amendments also further codify the *Cory* opinion which deals with whether a gift, which is ostensibly made to a member of an official's family, is considered a gift to the official, and if so, how that gift is to be valued. These amendments are consistent with the general rule that gifts to the spouse or dependent child of an official are neither prohibited nor reportable under the Political Reform Act ("Act"). However, these changes are not meant to impact or affect in any way existing lobbying rules which are covered by separate regulations and fall under a different section of the Act. Nor are the changes intended to impact or affect in any way the current rule for reporting of activity expenses for lobbyists. These changes only clarify and express in a more understandable fashion, current rules already in place. The Commission has recognized the potential for parties to improperly channel gifts to spouses or children of officials in order to circumvent gift prohibitions and to evade the purposes of the Act. Thus, the proposed amendments clarify that a gift given to an official's immediate family members is not a gift to the official unless it confers a personal benefit on the official.

Ms. Rodriguez stated that "personal benefit" is determined by factors such the official's use of the gift, benefits received from the gift, or discretion and control over the gift. The proposed

amendments attempt to both clarify and harmonize regulatory language with existing Commission opinion and staff advice. One of Mr. Hallabrin's suggestions was not included because staff believes that the change would make a substantive change to the definition of *discretion and control*, and it would be inconsistent with other regulations.

Ms. Rodriguez explained that the proposed amendments would do several things. First, subdivision (a) would be created, which is a slight rewording and moving up of section (d) of the current regulation. This change would also incorporate Commissioner Downey's suggestion from the February meeting by specifying that rules expressed in regulation 18944 are pursuant to and for the purposes of section 82028. Secondly, the changes would create a new subdivision (b) that attempts to more clearly reflect the factors specified in the Commission's *Cory* opinion with regard to when a gift to an official's immediate family member may be deemed a gift to the official. These factors are broken out into separate categories such as benefit, use, and discretion and control. There is a minor change regarding the definition of *personal benefit* on line 12 of page one. This change is to clarify that the definition is limited to the purposes of this regulation. Lastly, a new subdivision (c) would be added to codify the third prong of the *Cory* opinion. The proposed language provides guidelines to be used to evaluate whether a gift was truly intended for an official's immediate family member. The new language provides a non-exclusive list of factors that may negate a donor's intent to give a gift to an official. These factors include, but are not limited to, the relationship between the donor and recipient, the nature of the gift, and the manner in which the gift is offered or delivered. There is also a minor change on line 25, page 1 so it now reads, "Notwithstanding the provisions of subdivisions (a) and (b), a gift given to a member of the official's immediate family is not a gift to the official if the official can otherwise show that there was no donor intent to make a gift to the official." Subdivision (a) was added to this sentence to make it clear that the exception to the general rule applies to both subdivisions (a) and (b). Staff recommends that the Commission adopt these proposed amendments to regulation 18944.

Commissioner Downey asked, regarding line 25 on page 1 and the first line on the following page of the revised draft what the reason is for the word "otherwise" to be included.

Ms. Rodriguez replied that the language came from the prior regulation or Commission opinion, however, it can be stricken if needed.

Commissioner Downey wondered what the word added to the language.

Ms. Rodriguez explained that the intent was to mirror the prior regulation as closely as possible.

Commissioner Downey suggested removing the word "otherwise" from the language.

Ms. Rodriguez agreed.

Commissioner Downey asked how a situation in which a spouse of an official received a gift in the form of a trip to Hawaii, a painting, or a gift certificate to Nordstrom. The official may accompany the spouse on the trip, may look at the painting, or may utilize the gift certificate if

the spouse were to decide that they did not want to use it. The Commissioner wondered if any of those situations would be gifts to the official.

Ms. Rodriguez replied that under *In re Cory*, they are all still gifts to the spouse.

Commissioner Downey asked how the gifts are labeled under this regulation.

Ms. Rodriguez said that under the regulation, the gifts are still gifts to the spouse.

Chairman Randolph confirmed that the purpose of subdivision (c) is to give the criteria for the gift upon receipt, no matter what happens to the gift afterwards. If the gift fits the criteria that there is no donor intent to make a gift to the official, then it is a gift to the immediate family.

Commissioner Downey said that is clear and the regulation is fine.

Chairman Randolph asked if there were any other questions.

There were none.

Chairman Randolph asked for any public comment.

Scott Hallabrin, of the Assembly Ethics Committee, thanked Ms. Rodriguez, Ms. Menchaca, and the legal staff for indulging him on this regulation. There was one suggestion that staff decided not to include in the regulation, which seems important. Copies of the language have been provided and the issue of discussion is marked with an arrow near subdivision (b)(3). Right now, if the official receives substantial benefit from, gets use out of, or exercises direction and control of the gift, it is a gift to the official. The proposed language reads “and the person who uses and disposes of the gift is not a member of the official’s immediate family.” There is a potential situation where someone may offer tickets to the official and the spouse to go to the basketball game and the spouse is not able to attend. The official may decide to take a son or daughter to the game, and that would be exercising direction and control over the gift. Therefore, the official would have received a gift and given it to the child.

Commissioner Downey said that if the gift was given to the spouse and the official, that would make it a gift to the official for the full amount under subdivision (a).

Mr. Hallabrin explained that the ticket to the spouse would not be a gift to the official as long as the spouse uses the ticket. If the spouse does not use the ticket, but gives it to another member of the official’s immediate family, it is still a gift to the spouse and not the official. The language could be modified to say that if the ticket goes to another family member, it still is not a gift to the official.

Commissioner Blair said that the spouse would have to give the ticket to someone else in order for the official to not exercise direction and control of the gift.

Mr. Hallabrin explained that this is a minor exception and would not change the definition of direction and control in the general sense.

Commission Downey said that this would carve out an exception to the exception in that it would say that if the exercise of discretion and control yields a benefit to another member of the official's immediate family, then it does not need to be reported.

Commissioner Blair wondered what the outcome would be if the spouse gave the ticket to a non-family member.

Mr. Hallabrin said that in that case, the spouse exercised direction and control over the gift.

Commissioner Downey asked why the scenarios with the trip to Hawaii, the painting, or the gift certificate did not fall under this same exception.

Luisa Menchaca, General Counsel, replied that the difference here is that gifts to the official from a spouse or another member of the official's immediate family are exempt. Any other transfer from the official to any other person would not be exempt.

Mr. Hallabrin explained that the proposed language aims at a rare, but possible situation of the official exercising the direction and control of the gift and giving it to another family member.

Commissioner Remy said that the language seems to complicate the regulation instead of simplifying it. The gift, once given to the spouse, can be given to anyone as long as it is the spouse who gives it away.

Commissioner Huguenin said that the proposed language simply refers to the old fashioned notion of a head of household who decides among the members of the household what should be done with a gift.

Mr. Hallabrin agreed and said that the official should not be seen as receiving the gift just because another member of the family benefited from it, other than the member who originally received it.

Chairman Randolph pointed out that the language seems to carve out more of an exception than it should. The notion here is that a gift given to and used by a member of the immediate family is not a concern, however, if the official can control the gift, it changes the situation.

Mr. Hallabrin explained that moving a gift around within a family would not change the benefit received by the official.

Chairman Randolph asked if there was any other public comment.

Michael Martello, of the League of Cities City Attorneys Department, addressed the Commission regarding the meeting held by the FPPC Committee regarding this issue. The general consensus from that meeting was that having this discussion about gifts being given to an official's family

is not advancing ethics, however, that is most likely an ethical discussion. Mr. Martello expressed the opinion that public officials, including city attorneys, make new friends because of their official status in direct proportion to how few friends they had in high school. These examples of gifts given to the children of officials seem like gifts to the officials as well. The staff report was excellent and one important point made in that report was that, because of the use of some gifts, they cannot be for the official. Examples of these gifts would be baby food or toys. There is an article that has been handed out regarding this issue and the Bellini cribs, which are noted in one publication as “the number one rated crib among politicians on the take.” There does not seem to be a way to fix this issue.

Mr. Martello said that the League of Cities is always in favor of regulations that are based on opinions and staff seems to have done that very well here. Although it cannot be enforced, it would help to add to “the existence of a working or social relationship between the donor and the official’s spouse or an immediate member” so that it includes “not connected with the official’s status.”

Commissioner Downey said that the Bellini crib is a wonderful example of this issue and wondered how the sides of that situation would be argued.

Ms. Rodriguez said that if there is no relationship between the donor and the parents of the child, then that would be a factor to consider. The nature of the gift is another factor in that it cannot be used by the official.

Chairman Randolph asked if that problem would come up in every instance. This is regulating gifts from one private citizen to another private citizen. Statutorily, a gift is anything that confers any personal benefit on the public official. Even if the child is living with the official that still would not necessarily confer a benefit to the official.

Mr. Martello agreed that the city attorneys concluded the same thing.

Commissioner Downey said that there is no way to get around the opportunity for people to curry favor here because as long as the donor can prove the gift was not given directly to the official, it is not a gift under the statute.

Chairman Randolph said that the Commission regulates public officials, not private citizens.

Commissioner Huguenin added that in all likelihood, the official, to the extent they are involved in diapering and bathing the child, will undoubtedly exercise some discretion and control over who uses this crib. Subdivision (b)(3) may actually catch it as a gift in any event.

Chairman Randolph said that all the changes proposed by staff are fine and Commissioner Downey’s suggestion to eliminate the word “otherwise” on page 2, line 1 will be incorporated. The maker of the motion should address Mr. Hallabrin’s language, although, it does not seem necessary to include the language.

Commissioner Blair moved to accept staff's recommendations to approve the proposed regulation and the proposed amendments.

Commissioner Huguenin seconded the motion, which passed with a 4-0 vote.

Chairman Randolph thanked both speakers.

Item #12. Proposed Amendments to Regulation 18754 – Statements of Economic Interests for Members of Boards or Commission of Newly Created Agencies.

Andy Rockas, Legal Division Counsel, presented proposed amendments to regulation 18754. The aim of the amendments is to fine tune the Statement of Economic Interest (SEI) disclosure requirements for a certain group of public officials. These amendments, suggested by the Technical Assistance Division, are currently being considered for prenotice discussion. Regulation 18754 interprets and implements section 87302.6 of the Political Reform Act. The regulation states the economic interest disclosure requirements for members of governing boards or commissions of newly created agencies. The aim of the proposed amendments is to close an unintended reporting gap created by the current regulation, while simultaneously eliminating near duplicative economic interest disclosure in other instances. The amendments would exempt a governing board member of a new agency from filing another SEI where, at the time of their appointment to a new board, they were already a public official subject to equal or broader disclosure obligations. Before the effective date of section 87302.6 in January of 2003, the members of governing boards of newly created agencies could make governmental decisions for nearly a year before having to disclose any of their economic interests due to the time it typically takes a new agency to develop and adopt a conflict of interest code. With the implementation of regulation 18754 three years ago, that disclosure regime changed. Since March 2003, all members of governing boards of newly created agencies with decision making authority have been obliged to file new full disclosure SEIs, with two exceptions. Those exceptions are contained in subdivision (a)(3) of 18754.

Mr. Rockas explained that the first exception applies to those who were 87200 filers by virtue of some other governmental position already held and the second exception applies to those who are being appointed to a new board or commission which lacks decision making authority. Those two exceptions are currently designated as subdivisions (a)(3)(A) and (a)(3)(B). The Technical Assistance Division and the Legal Division propose narrowing the first exception to require more reporting by certain types of 87200 filers, re-designating without substantively altering the second exception dealing with new boards that do not have decision making authority, and adding two new exceptions so that certain public officials do not have to file SEIs more frequently than on an annual basis.

Commissioner Remy asked if it would be possible under the law to have a uniform comprehensive SEI statement that could be used by an official for all governmental purposes in California, if the officials chose to voluntarily file that.

Ms. Wardlow replied that there is already a process in place for that purpose. If an official holds more than one position and has a filing obligation under more than one conflict of interest code, that official can fill out one form and include everything that would be covered by every position. It is called an expanded statement. Because the filing officers are different, the officials are required to file a copy with each agency in which they serve, however, they do not have to fill out a separate form with different jurisdictions. The form 700 encompasses everything.

Commissioner Remy wondered if that option was widely known among the public.

Ms. Wardlow said that the information is covered in the filing instructions and the cover page states the process for filing an expanded form.

Chairman Randolph asked for any other questions.

There were none.

Chairman Randolph asked for any public comment.

There was none.

Chairman Randolph thanked Mr. Rockas and stated that this item will come before the Commission in September 2006.

Item #13. Discussion: Update on Regulations 18530.3 (mixed Federal and State Expenditures by Political Party committees) and 18534 (Hard and Soft Money Accounts).

Larry Woodlock, Senior Commission Counsel, presented an update on two draft regulations that have been stalled for some time recommending that the Commission put them on the September calendar for a second prenotice discussion. The first of these projects is regulation 18530.3, which is a set of rules that would settle state reporting requirements for expenditures that are used in the mixed federal and state election campaigns. The political parties have strong opinions about these rules, taking particular exception to a rule that would mandate the use of existing state allocation rules when federal allocation rules are manifestly inaccurate. The parties also take exception to any rule that would require the political parties to identify the contributors who contributed to the federal committee when federal monies were used in the state election campaigns. This will have to be worked out shortly.

Mr. Woodlock said that there was a question about federal preemption, so the Commission went to the FEC and sought an advisory opinion on this question. The FEC indicated that it would not be issuing an advisory opinion since the Commission had not adopted the regulation. Therefore, the regulation will have to be passed before the Commission can get the FEC to give an opinion on that issue.

Mr. Woodlock explained the second project that staff would like to present in September is proposed regulation 18534. Political parties can receive unlimited contributions for a great many purposes. However, there are some purposes for which contributions to political parties are limited. Regulation 18534 would simply introduce rules that would require that these funds be segregated so that there is a pot of money that can be used for purposes that are not limited by any contribution limit and another pot of money which would contain money that is subject to contribution limits to be used only for those limited purposes. A prenotice discussion was held in December of 2005 and there is very little opposition to this concept. The parties and some treasurers did introduce some ideas that seem quite practical and reasonable. Staff hopes to incorporate those ideas when this item is brought back in September. The reason for recommending that these items be brought back at the same time is that the political parties, in particular, are both very interested in these rules and it would be convenient for them to hear the two issues concurrently.

Chairman Randolph added that an Interested Persons meeting was held last month and a comment letter was received yesterday from Chuck Bell.

Commissioner Remy asked about the FEC's Jackson advisory opinion and what it means that they do not intend to federalize party reporting rules.

Mr. Woodlock answered that this opinion came out on June 5, 2006, and it answered the Los Angeles County Democratic Party Central Committee's question about what was considered federal election activity. The draft opinion by the FEC indicated that any party activity directed toward an election date on which there was also a federal candidate on the ballot would be subject to federal limits and reporting rules. The FEC rejected the draft and directed staff to write a new one. The limits beyond which local campaign activity is considered federal election activity have not been made clear yet. However, the FEC has sent a very clear signal that there was no intention to consider any and all local campaign activity to be federal election activity. This is a good sign because it seems clear that the FEC does not want to interfere in purely local politics.

Chairman Randolph asked for any other comments.

There were none.

Item #14. Legislative Report

Mark Krausse, Executive Director, explained that the first two bills in the report are action items. AB 709 is legislation to provide candidate controlled ballot measure limits. This bill has been amended to submit for voter approval, therefore, it is inappropriate for the Commission to have a position on it. The Commission is asked to take no position at this point.

Commissioner Downey asked why the Commission cannot take a position on this bill.

Mr. Krausse replied that the Act forbids any Commissioners from taking part in any ballot measure or candidate race, therefore, the Commission as a whole would have this same prohibition.

AB 1391 is the bill that staff has been working on to get Assemblymember Leno to change some of the disclosure levels. The upshot on this bill is that it originated as the Commission's sponsored legislation to provide a clearer definition of what is a state versus county versus city committee. Senate staff felt that the Commission's solution of a 50% threshold was not the best solution, so that content was deleted. Going to no position is the appropriate thing to do here as well.

Chairman Randolph asked if the Commission had any objections to the two proposed "no positions."

There were none.

Chairman Randolph asked for any public comment.

There was none.

Commissioner Remy asked about the "no position" suggestion on AB 281. The Commission should consider supporting this bill because there may be great opportunities for people to transfer funds far in excess of the limits from their previous campaign funds to their Senate campaigns. They ought to be limited to what can be raised for an assembly race.

Mr. Krausse explained that when Proposition 34 was first implemented, the situation was that committees could have been re-designated year after year and, therefore, contributions could be attributed to a long list of donors. For anyone elected in 2002 or after, they will have been under contribution limits from the beginning and they cannot re-designate from the Assembly to another office. This bill is essentially existing law and if the Commission wants to support the author's intent, it would need additional, clarifying language.

Chairman Randolph suggested a "support if amended" position.

Commissioner Remy proposed a "support if amended" position.

Commissioner Huguenin moved to support if amended AB 281.

Commissioner Remy seconded the motion which passed with a 4-0 vote.

Item #15. Executive Director's Report

Commissioner Remy said that it would be useful if the Strategic Plan was put on the agenda sometime before the end of the year as a recap of all the items and the status of those items.

Mr. Krausse replied that the items on the strategic plan will be put in spreadsheet form for the Commission to review.

Chairman Randolph added that the September and October meetings are going to be very busy, so December would probably be a good time to put this item on the agenda.

Commissioner Huguenin said that it would be helpful if the spreadsheet was made available prior to the December meeting for review.

Mr. Krausse said that the information can be made available in September.

Chairman Randolph said that the Commission has expressed an interest in having a tutorial on independent expenditures that would include what the Commission's authority is, how they work, and the constitutional limitations involved. That should be scheduled for a brief discussion.

Item #16. Litigation Report.

Luisa Menchaca reported that there was nothing to add to the written report.

Chairman Randolph adjourned to closed session at 11:10 a.m.

The meeting adjourned at 11:50 a.m.

Dated: July 12, 2006

Respectfully submitted,

Kelly Nelson
Commission Assistant

Approved by:

Liane Randolph
Chairman